

Message Text

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SUBJECTC VOLUNTARY SPEAKER SIDNEY JONES IN BRUSSELS

SUMMARY

1. PROFESSOR SIDNEY JONES,ECONOMIC ADVISOR TO SECRETARY
SIMON, MADE SEVERAL USEFUL PRESENTATIONS IN BRUSSELS
NOVEMBER 19. END SUMMARY.

2. DURING THE MORNING JONES DISCUSSED WITH THREE
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SENIOR EC COMMISSION OFFICIALS US ECONOMIC POLICY AND

THE DEVELOPMENT OF A COMMON INTERNATIONAL APPROACH TOWARD ENERGY AND FINANCIAL ISSUES. MOLITOR (FROM ECONOMIC AND FINANCIAL AFFAIRS DIRECTORATE GENERAL) AGREED WITH JONES' ANALYSIS OF US ECONOMY AND ADMINISTRATION'S PROPOSED SOLUTIONS. WEGNER AND FROSCHMAIER (MEMBERS OF COMMISSION VICE-PRESIDENT HAFERKAMP'S CABINET) EXPRESSED APPRECIATION FOR ITIMELY PRESENTATION FOLLOWING SO CLOSELY ON SECRETARY KISSINGER'S AND SECRETARY SIMON'S SPEECHES.

3. DURING LUNCHEON AT MY HOME ATTENDED BY CORRESPONDENTS FOR REUTERS, NEUE ZURRCHER ZEITUNG, VWD (GERMAN ECONOMIC NEWS SERVICE), AND JOURNAL OF COMMERCE, JONES' CANDOR WAS IMPROESSIVE. HE REVIEWED ERRORS OF ECONOMIC POLICY BEGINNING UNDER PRESIDENT JOHNSON'S ADMINISTRATION TO DEMONSTRATE THAT WE DO KNOW CAUSES OF US INFLATION AND, THEREFORE, HOW TO CONTROL IT. JOURNALISTS' QUESTIONS FOCUSED ON SECRETARY SIMON'S SPEECH, COPIES OF WHICH THEY RECEIVED JUST BEFORE LUNCH. DISCUSSION COVERED SERIOUSNESS OF USG PURPOSE IN RESTRICTING DOMESTIC ENERGY CONSUMPTION, REASONABLENESS OF US EXPECTATION REACH \$25 BILLION FIGURE OF KISSINGER/SIMON-PROPOSED FUND, AND USG EMPHASIS ON USING OECD FOR INTERNATIONAL ACTION. AFTER LUNCH, REUTERS MAN TOLD USIS/USEC THAT HE THOUGHT US ENERGY PROPOSALS WERE FINE BUT HE FEARED EUROPEANS WHO ARE SO MUCH MORE DEPENDENT ON OIL IMPORTS WOULD NOT STAND UP TO OIL PRODUCERS IN CRUNCH.

4. IN EMBASSY-ARRANGED AFTERNOON LECTURE TO 75 MOSTLY BELGIAN, BRITISH AND US BANKERS, BUSINESSMEN AND JOURNALISTS IN AUDITORIUM KREDIET BANK HEADQUARTERS, JONES DEVELOPED MORE FULLY RATIONALE FOR US ANTI-INFLATION PROGRAM AND INTERNATIONAL ENERGY COOPERATION MEASURES. QUESTIONS CENTERED ON US DOMESTIC ENERGY CONSERVATION AND WILLINGNESS OF CONGRESS TO COOPERATE WITH PRESIDENT FORD'S ADMINISTRATION. BANK CHAIRMAN AND EX-PRIME MINISTER EYSKENS ASKED WHETHER JONES THOUGHT ADMINISTRATION PROPOSALS CAN SUCCEED WITHOUT ADOPTION INCOMES POLICY AND EVENTUAL REDISTRIBUTION

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OF INCOME. JONES POINTED OUT THAT ADMINISTRATION DETERMINED CUT BACK ON ENERGY USE AND FOSTER LARGE INVESTMENTS IN NEW ENERGY SOURCES; "OPTIONS HAVE BEEN LAID OUT" FOR PRESIDENT'S ENERGY MESSAGE WHICH MIGHT BE DELIVERED MID-JANUARY. ON BASIS EARLIER US EXPERIENCES WAGE/PRICE CONTROLS -- MOST RECENT OF WHICH HE WAS PERSONALLY INVOLVED IN -- JONES ARGUED STRONGLY IN FAVOR OF FREE MARKET MECHANISMS. DURING

RECEPTION FOLLOWING LECUTRE, JONES WAS ASKED WHY ADMINISTRATION FAVORED TAXING OIL COMPANIES' PROFITS (WHICH WERE ASSUMED TO BE NEEDED FOR NEW INVESTMENT). HE POINTED OUT THAT PROPOSAL WAS AIMED AT WINDFALL PROFITS AND CITED CASE OF OIL COMPANY USING THESE FOR NON-ENERGY-RELATED ACQUISITION.

5. AT DINNER HOSTED BY USEC FINANCIAL OFFICER AND ATTENDED BY FIVE EC COMMISSION AND MEMBER COUNTRIES'S PERMANENT DELEGATION FINANCIAL EXPERTS, JONES REVIEWED LATEST USG POLICY INITIATIVES. EUROPEANS GENERALLY INDICATED THAT USG PROPOSALS HELPED ESTABLISH CONSTRUCTIVE CONTEXT FOR INTERNATIONAL COOPERATION. THEIR QUESTIONS AND COMMENTS FOCUSED ON US DOMESTIC ECONOMIC POLICY, EC ANALYSIS OF PETRODOLLAR RECYCLING PROBLEMS, AND HOW US ENVISAGED SETTING UP OF \$25 BILLION FACILITY AND ITS OPERATION.

6. OVERALL REACTIONS FROM OPINION-LEADERS JONES MET IN BRUSSELS WERE QUITE FAVORABLE TO US POLICY INITIATIVES. VISIT HERE PROVIDED FURTHER REASSURANCE US POLICY NOT OVERLY DEFLATIONARY. INTERNATIONAL AUDIENCES FOR JONES' PRESENTATIONS WELCOMED US ENERGY PROPOSALS. VARIOUS COMMENTS SHOWED EUROPEANS HERE DOUBT OWN ABILITY TO TAKE LEAD ON ENERGY AND ARE LOOKING FOR STRONG LEADERSHIP FROM US TO ASSIST THEM IN SOLVING THEIR PROBLEMS. HOFFMAN

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